



## MEMORANDUM

**To:** Members of the House Health Policy Committee

**From:** Wendy Block, Michigan Chamber

**Subject:** MI Chamber Opposes HBs 4875-77

**Date:** October 1, 2013

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We are writing to voice our opposition to House Bills 4875-77, legislation to prohibit health insurers, health care corporations and third party administrators from including any healthcare service as a "covered benefit" if the deductible or cost-sharing exceeds a certain level.

Rising healthcare costs are a major concern for Michigan job providers. One way employers have continued to provide benefits while coping with annual, double-digit increases in premiums is to ask their employees help share in the costs associated with coverage.

House Bills 4875-77 would prohibit insurers from marketing a service as "covered benefit" if the cost-sharing (co-pay or co-insurance) is greater than 50 percent, the deductible covers the services at a *de minimus* amount, or the annual deductible will not be met by 80 percent of the enrollees. These bills would require insurers, and subsequently employers, from indicating services at these levels are "covered" when, in fact, there is some coverage available. This prohibition will ultimately cause great confusion among providers, patients, employers and insurance agents and brokers.

From a practical standpoint, these bills may cause insurers and employers to drop coverage for these services altogether because employees will no longer see the all benefits being offered (however minimal) and, in many cases, will find it cost-prohibitive to increase the coverage to the levels specified in the bill. This could have a negative impact on all types of plans currently being purchased today, from health to dental to vision to high deductible, consumer-driven health plans to limited benefit, mini-med benefit plans.

We believe this legislative package is a solution in search of a problem. The federal Affordable Care Act, otherwise known as Obamacare, already requires transparency in insurance contracts, specifying that group health plans and health insurers must provide a Summary of Benefits and Coverage (SBC) to plan participants. The law requires to SBC to be a short, plain-language description of coverage, including description of cost-sharing provisions.

We urge you to oppose HBs 4875-77 for aforementioned reasons. Please do not hesitate to contact me if you have any questions at 517/927-5135 (cell).